



U.S. Copyright Office

37 CFR Parts 222 and 235

[Docket No. 2023–4]

Copyright Claims Board: Agreement-based Counterclaims

AGENCY: U.S. Copyright Office, Library of Congress.

ACTION: Notice of proposed rulemaking; request for comments.

SUMMARY: The U.S. Copyright Office is amending its regulations governing Copyright Claims Board proceedings to address the filing of agreement-based counterclaims and related discovery requirements.

DATES: Written comments must be received no later than 11:59 p.m. Eastern Time on [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: For reasons of Government efficiency, the Copyright Office is using the *regulations.gov* system for the submission and posting of public comments in this proceeding. All comments are therefore to be submitted electronically through *regulations.gov*. Specific instructions for submitting comments are available on the Copyright Office’s website at <https://www.copyright.gov/rulemaking/agreement-based-counterclaims/>. If electronic submission of comments is not feasible due to lack of access to a computer or the internet, please contact the Copyright Office using the contact information below for special instructions.

FOR FURTHER INFORMATION CONTACT: Rhea Efthimiadis, Assistant to the General Counsel, by email at meft@copyright.gov or telephone at 202-707-8350.

SUPPLEMENTARY INFORMATION:

I. Background

The Copyright Alternative in Small-Claims Enforcement (“CASE”) Act of 2020¹ directed the Copyright Office to establish the Copyright Claims Board (“CCB”), a voluntary forum for parties seeking resolution of certain copyright disputes that have a total monetary value of \$30,000 or less. As an alternative forum to Federal district court, the CCB is designed to be accessible to *pro se* individuals and individuals without much knowledge of copyright law.² In early 2021, the Office published a notification of inquiry (“NOI”) asking for public comments on the CCB’s operations and procedures.³

Following the NOI, the Office published multiple notices of proposed rulemaking governing the conduct of proceedings before the CCB, including filing claims and counterclaims, responses to claims and counterclaims, and discovery.⁴ After receiving and considering comments submitted by the public, the Office published corresponding final rules.⁵ On June 16, 2022, the CCB began receiving claims through its website *dockets.ccb.gov*.

After reviewing its regulations, the Office is proposing to add rules specifically governing agreement-based counterclaims.

II. Proposed Rule and Request for Comments

The CASE Act provides that the CCB may hear only certain types of counterclaims: those that arise “under section 106 or section 512(f) and out of the same transaction or occurrence that is the subject of a claim of infringement[,] . . . a claim of noninfringement[,], . . . or a claim of misrepresentation” and those that “arise[] under an agreement pertaining to the same transaction or occurrence that is the subject of a claim

¹ Pub. L. 116–260, sec. 212, 134 Stat. 1182, 2176 (2020).

² See, e.g., H.R. Rep. No. 116–252, at 18–20 (2019); S. Rep. No. 116–105, at 7–8 (2019).

³ 86 FR 16156 (Mar. 26, 2021).

⁴ 86 FR 69890 (Dec. 8, 2021); 86 FR 53897 (Sept. 29, 2021).

⁵ 87 FR 12861 (Mar. 8, 2022) (initial proceedings partial final rule); 87 FR 16989 (Mar. 25, 2022) (initial proceedings final rule); 87 FR 24056 (Apr. 22, 2022) (initial proceedings correction); 87 FR 30060 (May 17, 2022) (active proceedings final rule); 87 FR 36060 (June 15, 2022) (active proceedings correction).

of infringement . . . if the agreement could affect the relief awarded to the claimant.”⁶

This last category of counterclaims are referred to here as “agreement-based counterclaims.”

Asserting and Responding to Agreement-based Counterclaims

In an earlier rulemaking, “the Office propose[d] that the information required to assert a counterclaim should closely mirror the information required to assert a claim” for counterclaims that arise under section 106 or section 512(f).⁷ After reviewing the public comments, the Office promulgated final rules requiring that a counterclaim arising under section 106 or section 512(f) include a description of “[t]he facts leading the counterclaimant to believe the work has been infringed.”⁸ At that time, the Office did not propose separate rules to address agreement-based counterclaims.

After reviewing its regulations, the Office has concluded that such counterclaims should have their own content requirements. Specifically, the Office proposes that agreement-based counterclaims should include the identification of the agreement that the agreement-based counterclaim is based upon, a brief statement describing how the agreement pertains to the same transaction or occurrence that is the subject of the infringement claim against the counterclaimant, and a brief statement describing how the agreement could affect the relief awarded to the claimant.

The Office also believes that regulations are necessary to specify the required contents of a counterclaim respondent’s⁹ response to an agreement-based counterclaim. A counterclaim respondent should describe in detail its disagreement with the facts in the counterclaim, including any description of defenses to the counterclaim, and an

⁶ 17 U.S.C. 1504(c)(4)(B)(i)–(ii).

⁷ 86 FR 53897, 53903.

⁸ 87 FR 16989, 16999–17000, 17005; *see also* 37 CFR 222.9(c)(3)(iii)(D).

⁹ The term “counterclaim respondent” refers to a claimant that has received a counterclaim.

explanation of why the counterclaim respondent believes the counterclaimant's position regarding the agreement lacks merit.

Standard Interrogatories for Agreement-based Counterclaims

The proposed rule also addresses standard interrogatories for agreement-based counterclaims that supplement the standard interrogatories common to all claim types. The additional standard interrogatories will include: identification and a description of the specific terms or provisions of the agreement, written or oral, that the counterclaimant alleges have been violated; the basis for the counterclaimant's belief that the agreement was both valid and violated; the reasons why the counterclaimant believes the agreement could affect the relief that might be awarded; a description of the counterclaimant's performance under the agreement, as relevant to the counterclaim; and identification of any alleged failure in the counterclaim respondent's performance under the agreement.

In turn, the additional standard interrogatories that an agreement-based counterclaim respondent must answer will address the following: all applicable defenses to the counterclaim and the facts supporting those defenses; any other reasons the counterclaim respondent believes that it did not violate the agreement or that the agreement was not valid; the basis for any belief by the counterclaim respondent that the agreement does not affect the relief that might be awarded; a description of the counterclaim respondent's performance under the agreement, as relevant to the counterclaim; and any inadequacies in performance under the agreement by the counterclaimant.

Standard Requests for the Production of Documents for Agreement-based Counterclaims

In addition to the standard document requests that all parties must satisfy, the Office proposes that both agreement-based counterclaimants and counterclaim respondents should be subject to several additional requests. These standard document requests for agreement-based counterclaims should include: the agreement at issue and

documents related to that agreement, including any amendments or revisions; documents related to the validity of the agreement; and documents related to the parties' performance under the agreement. In addition, with regard to a counterclaimant's damages claim, the Office proposes slightly different document requests for a counterclaimant and a counterclaim respondent. Agreement-based counterclaimants must produce documents relevant to damages arising out of the counterclaim, including documents sufficient to show the damages suffered due to the violation of the agreement in question. In turn, counterclaim respondents must produce documents relevant to damages, including any documents sufficient to show the lack of damages suffered by the counterclaimant from the alleged violation of the agreement.

The Office remains committed to ensuring that “the discovery regulations strike the right balance between allowing necessary access to information and being too burdensome.”¹⁰ It previously adjusted the language for infringement-related standard discovery requests after hearing from the public that the initially proposed language may have been unnecessarily burdensome.¹¹ With respect to the proposed rules for document requests for parties to agreement-based counterclaims, the Office is interested in hearing whether the proposed “relevant to” language for damages document requests strikes the right balance. The Office notes that the “relevant to” language is not included in damages-related document requests for infringement, declaration of noninfringement, or misrepresentation claims or counterclaims, which are all limited to documents “sufficient to show” damages.¹²

List of Subjects in 37 CFR Parts 222, 225

Claims, Copyright.

¹⁰ 87 FR 30060, 30060.

¹¹ *See id.* at 30070–71.

¹² 37 CFR 225.3(b)(6), (c)(4), (d)(4).

Proposed Regulations

For the reasons stated in the preamble, the U.S. Copyright Office amends 37 CFR parts 222 and 225 as follows:

PART 222—PROCEEDINGS

1. The authority citation for part 222 continues to read as follows:

Authority: 17 U.S.C. 702, 1510.

2. Amend § 222.9 by redesignating paragraphs (c)(6) through (c)(8) as paragraphs (c)(7) through (c)(9) and adding paragraph (c)(6) to read as follows.

§ 222.9 Counterclaim.

* * * * *

(c) * * *

(6) For a counterclaim arising under an agreement asserted under paragraph (c)(2)(iv) of this section—

(i) A description of the agreement that the counterclaim is based upon;

(ii) A brief statement describing how the agreement pertains to the same transaction or occurrence that is the subject of the infringement claim against the counterclaimant; and

(iii) A brief statement describing how the agreement could affect the relief awarded to the claimant;

* * * * *

3. Amend § 222.10 by redesignating paragraph (b)(6) as paragraph (b)(7) and adding paragraph (b)(6) to read as follows:

§ 222.10 Response to counterclaim.

* * * * *

(b) * * *

(6) For counterclaims arising under an agreement, as set forth in 37 CFR 222.9(c)(2)(iv), a statement describing in detail the dispute regarding the contractual counterclaim, including any defenses as well as an explanation of why the counterclaim respondent believes the counterclaimant's position regarding the agreement lacks merit; and

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PART 225—DISCOVERY

4. The authority citation for part 225 continues to read as follows:

Authority: 17 U.S.C. 702, 1510.

5. Amend § 225.2 by redesignating paragraph (f) as paragraph (h) and adding paragraphs (f) and (g) to read as follows:

§ 225.2 Standard interrogatories.

* * * * *

(f) *For a counterclaimant asserting a counterclaim arising under an agreement.* In addition to the information in paragraph (a) of this section, the *standard interrogatories* for a counterclaimant asserting a counterclaim arising under an agreement shall consist of information pertaining to:

- (1) Identification and a description of the specific terms or provisions of the agreement the counterclaim respondent is alleged to have violated;
- (2) The basis for the counterclaimant's belief that the agreement was valid;
- (3) The basis for the counterclaimant's belief that the agreement was violated;
- (4) The basis for the counterclaimant's belief that the agreement could affect the relief that might be awarded to the claimant;
- (5) A description of the counterclaimant's performance under the agreement, as relevant to the counterclaim;
- (6) Identification and a description of any inadequacies in performance under the agreement by the counterclaim respondent; and

(7) If the agreement at issue in the counterclaim is oral, a description of the terms and provisions of the agreement.

(g) *For a counterclaim respondent responding to a counterclaim arising under an agreement.* In addition to the information in paragraph (a) of this section, the *standard interrogatories* for a counterclaim respondent responding to a counterclaim arising under an agreement shall consist of information pertaining to:

- (1) All defenses asserted to the counterclaim arising under an agreement and the basis for those assertions. Defenses listed in timely answers and timely updated answers to the *standard interrogatories* shall be considered by the Board and will not require an amendment of the counterclaim response;
- (2) The basis for any other reasons the counterclaim respondent believes that it did not violate the agreement or that the agreement was not valid;
- (3) The basis for any belief by the counterclaim respondent that the agreement does not affect the relief that might be awarded to the claimant;
- (4) A description of the counterclaim respondent's performance under the agreement, as relevant to the counterclaim; and
- (5) Identification and a description of any inadequacies in performance under the agreement by the counterclaimant.

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6. Amend § 225.3 by redesignating paragraphs (f) and (g) as paragraphs (h) and (i) and adding paragraphs (f) and (g) to read as follows:

§ 225.3 Standard requests for the production of documents.

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(f) *For a counterclaimant asserting a counterclaim arising under an agreement.* In addition to the information in paragraph (a) of this section, the *standard requests for the*

production of documents for a party asserting a counterclaim arising under an agreement shall include copies of:

- (1) The agreement at issue in the counterclaim arising under an agreement, including any amendments or revisions;
- (2) Documents related to the agreement at issue, including any amendments or revisions and documents related to the validity of and the parties' performance under the agreement; and
- (3) Documents relevant to damages arising out of the counterclaim, including documents sufficient to show the damages suffered by the counterclaimant related to violation of the agreement in question.

(g) *For a counterclaim respondent responding to a counterclaim arising under an agreement.* In addition to the information in paragraph (a) of this section, the *standard requests for the production of documents* for a counterclaim respondent responding to a counterclaim arising under an agreement shall include copies of:

- (1) The agreement at issue in the counterclaim arising under an agreement, including any amendments or revisions;
- (2) Documents related to the agreement at issue, including any amendments or revisions and documents related to the validity of and the parties' performance under the agreement; and
- (3) Documents relevant to damages, including documents sufficient to show the lack of damages suffered by the counterclaimant related to the counterclaim respondent's alleged violation of the agreement in question.

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Dated: April 25, 2023.

Suzanne V. Wilson,

General Counsel and

Associate Register of Copyrights.

[BILLING CODE 1410-30-P]

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